

**2005-07 Biennial Budget Highlights
Through the Governor's Request**

**Wisconsin Department of Transportation
Office of Policy and Budget
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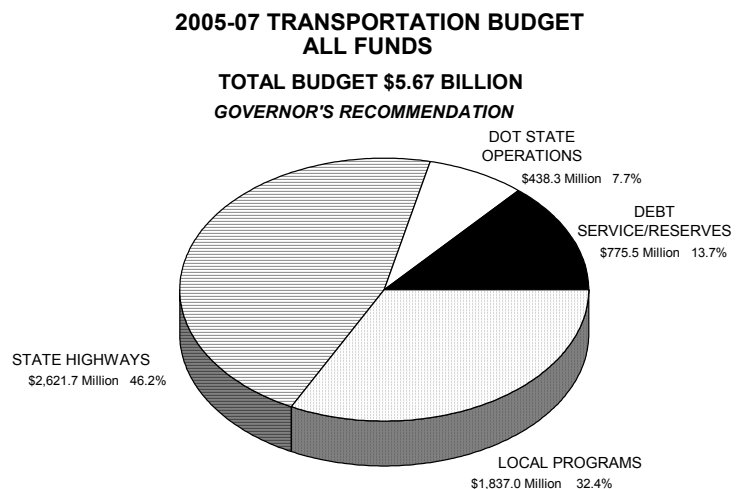
2005-07 Governor's Biennial Budget Highlights

Wisconsin Department of Transportation

This document highlights the major transportation initiatives contained within Governor Jim Doyle's biennial budget recommendations. The Governor's budget invests in priorities and provides substantial investments in our state's infrastructure, including \$4.4 billion in transportation programs. This is the largest transportation budget in state history and a 16 percent increase over the last biennium. These investments stimulate economic growth and provide safe, efficient transportation options for Wisconsin citizens.

Expenditures - The pie chart to the right separates the Department's expenditures into four categories: State Highways, Local Programs, Debt Service and Reserves, and DOT State Operations.

Below are a number of major transportation expenditures contained within the Governor's budget for the 2005-07 biennia.



Marquette Interchange

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The Marquette Interchange, the junction of I-94, I-794, and I-43, in downtown Milwaukee, is a key element of the Southeast Wisconsin Freeway system and a gateway for our state's tourism and business climate. The Governor's budget funds project costs of \$385.4 million in FY 06 and \$25 million in FY 07, which represent almost all of the remaining costs to construct the Interchange. The Governor's budget uses a combination of state and federal funds, including \$213 million in 20-year government obligation (GO) bonds for the reconstruction effort.

Highway Program

The Governor's budget makes substantial investments in our state's highway program while reducing the amount of bonding for projects in the Majors, State Highway Rehabilitation and Southeast Freeways programs by \$87.2 million for the biennium, compared to the 2003-05 biennium. This is a 10.4 percent reduction in highway program bonding from the previous biennium.

Southeast Freeways – The Governor’s budget recommends \$19.3 million in FY 06 and \$49.3 million in FY 07 for Southeast Wisconsin Freeway System projects, excluding the Marquette Interchange. In addition, the budget includes \$9.5 million in FY 06 and \$19.7 million in FY 07 for the cost of preliminary engineering work on I-94 between the Mitchell Interchange and the Illinois state line. This will insure construction on this vital transportation corridor begins in 2009, right after completion of the Marquette Interchange Project.

Majors Highway Program – This program supports the development or reconstruction of a highway within an existing transportation corridor. The Governor’s budget provides total funding of \$243.9 million in FY 06 and \$298.8 million in FY 07, compared to the FY 05 level of \$238.9 million. The request includes a two percent inflationary increase in each year along with an additional increase of \$50 million in FY 07. The request does not enumerate new highway projects. In total, the Governor’s budget invests \$64 million more in Majors than last biennium.

State Highway Rehabilitation (SHR) – This program improves deteriorated pavement and roadway base, and modernizes State Trunk Highways to meet current and projected travel needs. The Governor’s budget recommends \$595.4 million in total funding for FY 06 and \$614.4 million in FY 07, compared to the FY 05 level of \$556.7 million. The request includes a two percent inflationary increase in each year along with an additional increase of \$28 million in FY 06 and \$36 million in FY 07. These investments are a 10 percent increase from the previous biennium.

State Highway Maintenance & Traffic Operations – This program includes snowplowing, applying salt, inspecting bridges, maintaining rest areas and waysides, replacing signs, installing traffic signals, and repainting highway markings. The Governor’s budget provides \$176.2 million for FY 06 and \$182.4 million in FY 07, compared to the FY 05 base budget level of \$170.7 million. The request includes a two percent inflationary increase in each year, along with an additional increase of \$2.9 million in FY 06 and \$6.4 million in FY 07 for system growth, for a total increase of \$18 million.

Local Aid Programs

The Governor’s budget includes a two percent inflationary increase for General Transportation Aid (GTA) to local governments, providing total funding of \$183.7 million for counties and \$578 million for municipalities for the biennium. GTA goes to governments to partially offset the cost of maintaining and improving local roads and streets.

The budget also includes a two percent inflationary increase for the Transit Program, providing \$200.3 million for the biennium, and the Local Roads Improvement Program, providing total state funding of \$46.7 million for the biennium. Funding for the Transportation Facilities Economic Assistance and Development Program is increased by \$1.2 million in FY 06 and FY 07. Lift Bridge Aids funding is increased to fully fund the

program, and funding for the Surface Transportation Grant program is restored in FY 07 to FY 03 levels of \$2.7 million.

The Governor's budget includes substantial increases for the Elderly and Disabled Aids Program, for a total of \$13.4 million in FY 06 and \$15.4 million in FY 07, compared to the FY 05 base budget level of \$11.4 million. These funds will play a key role in ensuring that our aging population retain their mobility in their communities.

Funding for harbors and passenger rail assistance is funded at \$16.0 million in FY 06 and \$14.7 million in FY 07, compared to the FY 05 base budget level of \$7.8 million. Governor Doyle has made a substantial investment in our state's ports to stimulate economic development and job growth. The increase for harbors and passenger rail also includes \$800,000 in FY 06 for the Commuter Rail Grant Program. In addition, the budget proposal recommends expanding eligibility for the use of Rail Passenger Development Bonding to the Milwaukee-Chicago and Madison-La Crosse corridors.

Under the Governor's budget, the Airport Improvement Program receives inflationary increases of two percent in each year, ensuring that our state continues to play a role in developing our state's airports. This program last received an increase in 1994.

Service Divisions

State Patrol - To bolster the safety of the traveling public, Governor Doyle's budget provides \$1.5 million in FY 07 for 20 additional state troopers. In addition, the Governor's budget recommends \$118,200 in FY 06 and \$236,300 in FY 07 to replace obsolete portable radio communications equipment that links sworn staff, when they are out of their vehicles, to dispatchers. The Governor's budget also includes program revenue funding of \$149,600 in FY 06 and \$299,200 in FY 07 to replace Intoximeter EC/IR instruments used in the breath alcohol-testing program. This equipment supports the prosecution of drivers who operate motor vehicles while intoxicated.

Motor Vehicles – The Governor's budget request includes \$100,000 in both FY 06 and FY 07 for automation of the Employer Notification System. This change assists employers of commercial drivers with hazardous material endorsements to implement provisions of the USA PATRIOT Act of 2001.

Revenues

Revenue Initiatives – In order to ensure that the Department has the necessary revenues to provide the public with the quality infrastructure and services they have come to expect, the Governor's budget includes modest fee increases for light vehicle registration and titles. Fee increases are necessary to address significant transportation needs across the state. Passenger vehicle registration fees would increase from \$55 to \$65. This change will generate \$17.2 million of new revenue in FY 06 and \$35.1 million in FY 07. Annual registration fees for light motor trucks (8,000 pound gross vehicle weight and less) would increase from \$48.50 to \$65 for "A" trucks, \$61.50 to \$71 for "B"

trucks, and \$77.50 to \$87 for “C” trucks. This change will generate \$6 million in FY 06 and \$12.6 million in FY 07.

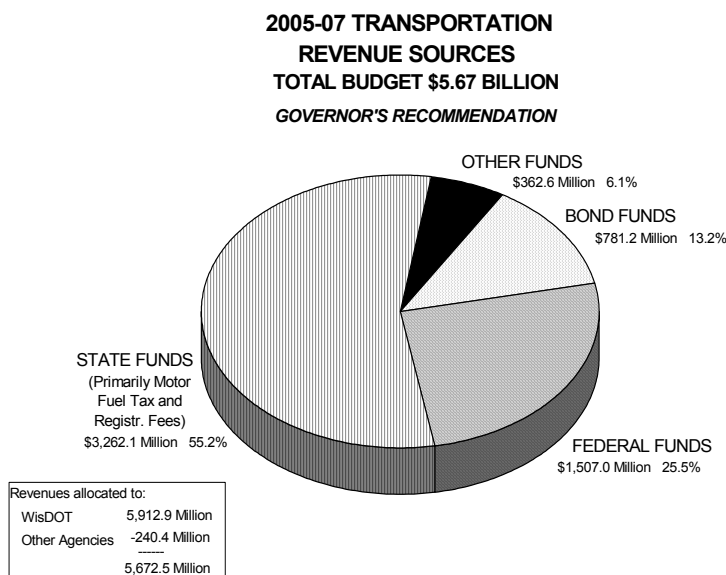
Registration fees on heavy trucks remain the same.

Title fees on all vehicles will be raised by \$10 to \$45 total title fee collected. This change will generate \$11.25 million in FY 06 and \$15 million in FY 07. Duplicate titling fees increase from \$8 to \$20, generating \$485,200 in FY 06 and \$646,900 in FY 07.

Registration fee increases are planned to increase on January 1, 2006; title fees are planned to increase on October 1, 2005.

The Governor’s budget recommends an increase of the state rental vehicle fee from three percent to five percent of gross receipts for applicable vehicles, generating \$1.6 million in FY 06 and \$2.2 million in FY 07.

Revenue Sources – The pie chart to the right shows the Department’s revenue sources in four categories: State Funds, Federal Funds, Bond Funds, and Other Funds. State transportation funds are comprised primarily of state motor fuel tax, vehicle registration, driver’s license, and other miscellaneous fees. Other funds are comprised of Local and Program Revenue sources.



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General Fund Activity

The Governor’s budget recommends appropriating \$250 million from the SHR Program to the state General Fund, replaced by \$250 million in GO bonding revenues, with debt service supported by the General Fund.

Other Issues

The Governor’s budget restores 128 FTE, for a total FTE reduction of 236 for the biennium, compared to 364 FTE included in the Department Contingency plan submitted to the Department of Administration (DOA). Most of the restored positions are in engineering, IS services, and customer service. Permanent base budget reductions total \$19.9 million in FY 06 and \$18 million in FY 07.

The Governor's budget provides 10 new civil engineering positions and consolidates seven IT staff FTE as part of the server consolidation initiative, and all but one DOT attorney to DOA.

The additional trooper and engineer positions, and the staff consolidations to DOA provided in the Governor's budget result in a net reduction of 224 FTE's for the Department in the 2005-07 biennium. Under the Governor's proposal total departmental FTE will be 3422 at the end of FY 07.

The Department has also done a thorough review of the agency and the services it provides. Through a plan that took months to complete and included input from throughout the agency, our agency has developed a reorganization plan that creates efficiencies while retaining services for taxpayers. As such, the reorganization restructures the Department's field operations into five regions with consistent boundaries for all divisions. This will allow for shared administrative services and flattening of the management structure. The reorganization consolidates field and central office operations where feasible to eliminate redundancies and pave the way for more efficient, consistent delivery of programs. The reorganization also streamlines consultant contract negotiation and administration. Finally, the reorganization consolidates information technology resources to allow for a better alignment with Department priorities.